

EXHIBIT F

**FILED UNDER SEAL PENDING
MOTION TO SEAL**

From: McGregor A (Alison) <alison.mcgregor@ky.fortisbank.com>
Sent: Thursday, July 24, 2003 3:27 PM
To: ELDRIDGE RHONDA <RHONDA.ELDRIDGE.GUS0210@exchange.gbank.com>
Subject: RE: Harley/ [REDACTED]
Attach: pic01392.pcx

[REDACTED]
Redacted

----- Forwarded by Alison A McGregor/IBB/Bank/Fortis on
07/24/2003 02:26 PM -----
(Embedded image moved to file: pic01392.pcx) Brenda BM Buckley
07/23/2003 01:15 PM

To: Craig CT Fulton/IBB/Bank/Fortis@Fortis, Alison A
McGregor/IBB/Bank/Fortis@Fortis
cc:

Subject: RE: Harley/ [REDACTED]

[REDACTED]
Redacted

----- Forwarded by Brenda BM Buckley/IBB/Bank/Fortis on
07/23/2003 07:03 PM -----

"Novo, Sue" <sue.novo@fortis.co.im> on 07/23/2003 04:28:30 PM

To: "brenda.buckley@ie.fortis.com" <brenda.buckley@ie.fortis.com>
cc: "Wallace, Michelle" <michelle.wallace@fortis.co.im>

Subject: RE: Harley/ [REDACTED]

Hi Brenda

Spoke too soon, Sandra has kindly just got back to me.

The following is the situation with Harley.

They receive trade tickets which they process via MFACT and the portfolio is also independently priced with the exception of over the counter options. I am not sure of the exact % of options in the overall portfolio. The actual monthly NAV is produced from information on the broker statement, because they do not have all of the trade tickets by the time the valuation point is reached. Sandra advises that there is subsequently a further reconciliation as the trade tickets come in.

There is no sign off of the NAV from the Investment Manager, the broker acts in effect as a Managed account. Sandra believes that the broker is SEC registered but was not 100% sure.

[REDACTED] have Investments in Harley and I understand this is where Fortis has the charge over the assets for the credit facility. This does leave a gap though with regard to the Harley Investments, in particular if anything happens to the broker. We should also have confirmation as to how the Harley assets are held with the broker eg segregated/pooled account and my comment below viz insurance is probably also valid as well.

Sandra also advised that [REDACTED] has a 60m loan with [REDACTED] for which there is a lien over the assets in Harley (think I have got that right)

Regards

Sue

> -----Original Message-----

> From: Novo, Sue

> Sent: 23 July 2003 16:03

> To: 'brenda.buckley@ie.fortis.com'

> Cc: Wallace, Michelle

> Subject: Harley/ [REDACTED]

>

> Hi Brenda

>

> I have tried to speak with Sandra Darville this afternoon, without
> success. I have left a voicemail message and will follow up with an
e-mail

> and ask Michelle to monitor/chase response, whilst I am away.
>
> Looking back to my last progress report prior to leaving Bahamas last
year
> there were still Agreement/Operational Service issues to be resolved for
> Harley and Licence/Operational Service issues to be resolved, for both
> [REDACTED] Of course the
> issues may well have been resolved, by now, but unfortunately I have
never
> received any further feedback or formal update.
>
> I have also attached a memorandum which you may well have received copy
of
> as it was to Joris and Rutger, but just in case you haven't.
>
> All in all if these Funds still fall under Bahamas securities commission
> for the present, then irrespective of anything else we need to be very
> careful, in that the responsibilities of the Administrator are very
> onerous, with somewhat of an overall responsibility for the Fund,
> responsibility to the investors, responsibility for the actions of the
> Directors and I believe in the latest legislation, responsibility for
> Custodian.
>
> You have quite rightly raised the issue of broker dealer accounts and how
> PFS can work with them within our principles. I believe that we can, but
> we probably should be trade blotter matching and also we need to consider
> the "control" of the assets with regard to segregation versus pooled
> accounts, restrictions on money movements/transfers, Insurance cover for
> the assets should the broker go bust, in particular if we have a
> lien/charge over them.
>
>
> Kind regards
>
> Sue
>
> << File: progBAHmemosn9.doc >>
>
>
>
> Sue Novo
>
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